

# House of Commons Debates

SECOND SESSION- ELEVENTH PARLIAMENT

## SPEECH

OF

HON. GEO. E. FOSTER

ON

## THE BUDGET

OTTAWA, TUESDAY, DECEMBER 14, 1909

Hon. GEORGE E. FOSTER (North Toronto). Mr. Speaker: With the concluding remarks of the Finance Minister (Mr. Fielding), I find myself, as I am sure do all hon. members on this side, in complete accord. It is a fact that sometimes party differences are exaggerated and party spirit leads to a one-sided and even unfair presentation of matters before the House. But when, apart from these things, we come to contemplate the larger questions of country and of empire, I hope that we may always be in a position to reciprocate the sentiment that has fallen from the lips of the Minister of Finance. I notice that the hon. Minister of Finance appeared a little more cheerful when he rose to present his budget speech this year than on a similar occasion last year. Circumstances have somewhat changed, and what was presented to his mind last year, as being to a certain extent allied with doubt and uncertainty has partly cleared away. The hon. gentleman has had a respite, I hope it will be long continued. The country has had a respite from a comparatively short period of stringent finance and disturbed trade. I only hope that the Minister of Finance and the government with him, will improve the lesson taught by that even short period of financial stringency and will incline their hearts more to businesslike and

economical administration of the country's affairs in the future.

Now, I am not going to follow the Minister of Finance through all the somewhat lengthy remarks which he has made, consisting very largely of tables of figures, but I shall endeavour to touch on a few of these points by way of passing remark. Reduced to colloquial language, the year 1909 may be described somewhat in this way: The trade fell off a little over \$67,000,000; the revenue fell off about \$11,000,000; the expenditure increased by \$21,000,000, \$7,500,000 on consolidated fund account and \$13,500,000 on capital account; the surplus, which was counted on as being \$1,500,000, fell to \$1,000,000. At that time, the old method of charging bounties to capital interposed in favour of the Minister of Finance. The amount paid in bounties was \$2,500,000, and this being charged to capital, he was enabled to count a surplus of \$1,000,000. Had that, the amount paid in bounties, been paid out of revenue, as it was under the preceding government, the minister would not have had a surplus of even \$1,000,000, but would have had a deficit of \$1,500,000. It is significant that, although there had been previous intonations given in good time and somewhat strongly to the business men of the country and to every chancellor of an exchequer,

the Finance Minister amongst other, warning them of what was approaching and would certainly come, we find the astounding fact that the estimates of Canada, provided by the Minister of Finance himself and his government, were the largest in the history of Canada, and that the expenditure came to the sum of \$133,000,000, which is a little more than three times what it was in 1896 and high-water mark of public expenditure in this country. That is a significant comment upon the extraordinary way in which the minister settled himself to meet the storm which was to break—he did it by larger estimates, increased imposts (counting as imposts what is taken out of the pockets of the people) and increased expenditure. That, I think, was not a reasonable way. The minister might have added to the financial strength of this country very materially if he had done as every business man in the country did, as the chancellor of every exchequer that I know of did, as any prudent business man would do—curtail in the face of the storm that was yet to come and so save in that way what he could of the strength and credit of the country's finances. That he did not do. As a result, of that same year, there was an addition to the public debt of \$46,000,000, the largest addition to the public debt which this country has ever seen, and which might have been cut in two—yes, might have been diminished even more than that by reasonable and not at all impossible economies in the administration of the finances by the Minister of Finance himself.

When we come to the year 1910, trade is gaining, the revenue is increasing; the expenditure—do not quite know whether that will—The Finance Minister probably believe that it will not; I hope—but in this respect will prove. But, at least, there will be very heavy expenditures. Last year, there were large borrowings by the Minister of Finance, amounting to £25,000,000 or £26,000,000 for which this country went into the market within a very limited time. this year also borrowings will take place; and the result of last year's borrowings, the way in which and the time at which they were carried on, the result of the utter lack of any prudent foresight a year or a year and a half before, was that, whereas Canada's credit had so improved that her borrowing rate had declined to 2-8 per cent in 1897, the cost now has gone up to very nearly 5 per cent, a point beyond the average cost during the first fifteen years of the administration of the financial affairs of this Dominion.

When we come to 1911, the Minister of Finance has very little to say. The main estimates call for \$127,000,000. There are to be additional borrowings; what these may amount to we do not know. Besides

the additions to the debt of last year and of this year, there will be another addition in 1911.

Well, what, after all, has saved the Finance Minister? Has it been the exercise of any very great prudence of his own? Has it been the display of extraordinary skill and capacity in the management of the finances? Has it been any intrinsic merit from a business point of view of the administration of the government itself? Not in any sense, not in the least. What has saved the government and what has saved the country was pointed out by a gentleman who is not a Minister of Finance or the leader of the party, who is not at all a partyman in the position in which he makes the utterance. The vice-president and manager of the Bank of Montreal, in a very few sentences, hit the nail exactly on the head. What has intervened, and what has brought about the change, and what has set this government and the Finance Minister on their feet again so far as the business of this country is concerned? Why, it has simply been the work and the product of the farmers of this country. The vice-president of the Bank of Montreal pointed out that in 1900 the product of the Northwest amounted to 32,000,000 bushels, in 1907 it had risen to 160,000,000 bushels, in 1908 it was 232,000,000 bushels, and in 1909, 313,500,000 bushels. That is the explanation of the whole matter; that explains exactly how the shortcomings and blunders of the administration have been, if not entirely offset, minimized and mitigated to the exceeding great relief of the country itself. There is an increase of 81,000,000 bushels in the Northwest alone in a single year. That is worth at least \$50,000,000, and maybe more. The prices that are obtained this year were never better, and the increased prices received for the product, interjected into the veins of business, is what has really regenerated this country, and set us on again to a period of, we hope, continuous prosperity.

Now what particular praise and what particular honour are due to the administration for that? These increased products have come from the northwest provinces. We are not without memories—who was it that purchased and opened up that country? Who was it that put the first great transcontinental railway through that country, and so made possible transport facilities, and a habitation and a working place for the farmer? And where were these gentlemen in that period? To-day they are reaping the harvest, I do not object to that, thank God that the harvest is as generous as it is. But let no one run away with the idea that because this help has suddenly come as a manna from Heaven to these gentlemen in their great straits, therefore some mighty skill, some deep inborn in-

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genuity, some most powerful and wonderful exercise of business talents is what has lifted the country up and sent it again on its way rejoicing. For those farmers, what have these gentlemen done? Do not their clothes cost them more than they did under the old regime? Do they not have to pay more for their lumber for every shack and every house they build? Is not their hardware more costly to them than it ever was before? And when they come to the labour which has to help them to till their fields, when have they had to pay so much for it as they do at the present time? As to grain prices, of course the government can do nothing. In what sense then has this government's administration helped to lift the country out of the slough of despond, and bring it into the blessings of the promised land? So I say it is the innate quality and virtue of the soil of the northwest, it is the strong arm and the business head of the farmer in the northwest, it is the co-operation, with these as a sub-stratum, of the keen business intellect, and the ability of the business men of our country, it is the application of the skill and brawn of the artisan in our factories and our industries, to which is due the prosperity of this country, in spite of the extravagances and in spite of the laches of the government since they assumed the administration of affairs.

As to the debt, the hon. gentleman said very little. Perhaps there is not a great deal to say, perhaps it was best that he kept on very quiet ground in that respect; for if he had not, he would have been easily reminded of what these gentlemen promised to do when they were in the shades of opposition, and what they have failed to do since they came into power. Where is the reciprocity with the United States that the hon. gentleman was going to get six months after he attained power? Where is the approach to free trade, the goal to which my right hon. friend had declared he had set his face with great determination, and from which he would not recede until he had attained it? Where is the goal of free trade as it is in England under the administration of this Paul the Apostle, who but a few years ago was a raging Saul of Tarsus, going up and down, finding fault with and denouncing the policy of protection from one end of Canada to another? My right hon. friend, after the homily which was preached to him to-day, the strongest I have heard in this House in a great many years, I suppose still has his face pointed towards the goal of free trade as it is in England, with no possibility of getting nearer to it within his natural life.

Well, Sir, we were to have many other things. We were to have a market open for us everywhere. What markets have they

opened to us? Some markets have been closed to us, in others the rates have been raised upon us. No foreign market in the world has yet been opened to us by this aggregation of all the talents in the thirteen years during which they have been in power. If it can be named, let it be named. Some of our own sisters, the sub-nations of the empire, have granted us, as we have granted them, certain preferential privileges; but outside of that, there is not a nation in the wide world, outside of treaties which had been made before, into which any ingress has been given by these gentlemen for the products of our country.

Oh, yes, there is the French treaty, not yet operative, but soon to go into operation. But the burden of the fat cattle which the Prime Minister a year ago shouldered into this House with great pride and pomp, when he appealed to the farmers of this country as to what the French treaty would do for them, the burden of fat cattle has been dumped, the stockers are the only ones that are left, and they will have a jolly time getting into the French market, over a tariff of anywhere from \$15 to \$20 per head, and the uncertainty as to what interpretation of the tariff may be made by those who have the sole regulating power as to the entrance of our cattle into French ports. So we have not got very much from that. But we have loaded ourselves with \$200,000 a year for a steamship subsidy to be paid to vessels running between this country and France; that is in ten years \$2,000,000 which my hon. friend the Finance Minister did not take into account, and which has to be provided for.

Well, there are some other things that have not been done. The state of trade between the United States and Great Britain and Canada, remains unrectified. That condition of things was very severely censured by my right hon. friend the Prime Minister and his coadjutors in the olden times. They told us that it was neither patriotic nor loyal that we should be buying more from the United States than we were buying from Great Britain, and selling less to the United States than we bought from the United States. They loudly called for a tariff which would rectify that and put us in a better position. How do we stand to-day? In 1908 we bought from the United States \$204,000,000 worth. They bought from us \$90,000,000 worth, wherein the balance of trade aggregated the sum total of \$114,000,000. In 1909 the unfavourable balance was reduced to \$85,000,000, but the trade is now going up, and, as it goes up, the adverse balance with the United States will also increase. On the other hand, Great Britain bought from us a much larger amount than she

sold to us, and gave us last year a favourable balance of trade of \$55,500,000. Any one sees that the balance of trade which is favourable in the case of Great Britain, has to go to the extent of \$55,500,000 to pay the adverse balance of trade against us from the United States, and it will still leave from \$50,000,000 to \$60,000,000 to be paid for in some other way. The point I wish to make is that these hon. gentlemen have not rectified that grave condition of things which they censured in our time, but that under their administration it has been enlarged and aggravated to the degree which I have stated. To-day there is an adverse balance of trade with France of \$5,000,000, with Germany of \$4,500,000, with South America of \$1,000,000, and with the West Indies of \$3,500,000. The total balance of trade against us in 1908 was \$104,000,000. It was reduced last year, because there were less imports, to \$45,500,000. Now, though I am not going to say that Canada ought to be and that it is imperatively necessary that she should be always in a position of having a favourable trade balance, I say that when, under any administration and its policy, you have an adverse balance continually increasing, something is wrong in connection with that trade policy and it ought to be the duty and endeavour of the government to so arrange its policy that this adverse balance should be made as small as possible, that it should be reduced instead of constantly advancing.

My hon. friend said that they had not raised the rate of duties. His favourite response always is: On, you are the party of high duties; we are the party of low duties. With the preaching of the Minister of Finance to-day in advocacy of bounties, the highest form of protection, the hon. Minister of Customs (Mr. Paterson) who still, I think, believes that we have a revenue tariff in this country—at least, he takes occasion to reiterate it each year—will find it very difficult indeed to persuade his constituents that under the leadership of the Finance Minister the day of free trade has not for ever passed away in this country. Well, what about that immense reduction of duties? Here are just some facts taken from the reports of the ministers themselves. From 1879, when the protective tariff was introduced, until 1896, when the Liberal-Conservative government went out of power, the average rate of duty on dutiable goods coming into this country was 28·35 per cent. In 1909 the average rate was 27·46 per cent. So it is a fact that in the last year of grace, under the administration of these hon. gentlemen who have so lowered the duties—to listen to themselves—their duty is 27·46 per cent, as against an average of 28·35 per cent from 1879 to 1896. But taking into

account, as I have a right to do, the bounty which is a special form of protection and which they take out of the treasury of the country, I find that in 1909 they have a rate of 28·72 per cent, and so they have actually reduced the rate of duty exactly 89-100ths of one per cent from the average of 1879-1896.

Now, I agree with my hon. friend in his statement with reference to the nature of the message which was sent to Congress a little while ago by President Taft. It was a reasonable message, it was a statesman-like message, it was a message which gave, I think, to all countries the right to believe that whilst President Taft and his cabinet remain in power there will be no seeking for trouble with reference to the matter of discriminatory and compensating duties. I do not think a message could have been fairer than his was on that point, and I quite agree with the Finance Minister in his characterization of what we may conclude from a perusal of it. At least, we will hope that it shall not be made an instrument of even menace to us in Canada. It remains, however, that the United States tariff, outside of President Taft entirely, has already penalized Canada with reference to her exports of both pulp and paper and has done that because of the conserving policy of the provinces of Ontario and Quebec which are looking to the preservation of their forests. So much then in reference to the United States, although this fact remains, and we might just as well state it, that the tariff of the United States, as compared with the tariff of Canada, does not give to Canada that fair trade to which she is entitled.

There is another situation in the trade point of view which is extremely interesting at the present time. That is the situation in Great Britain. I am not going to discuss British party politics for a single moment, but I think it is well for us to keep a few facts in mind. It is not more than five years ago, certainly not more than six years ago, that the right Hon. Joseph Chamberlain first promulgated his view, and a view not entirely and completely formed at that time, of what he thought might be or ought to be the fiscal relations of the mother country with the different parts of the empire and of the different parts of the empire with each other. Not more than five or six years ago did that idea receive the countenance and support of a first rate British statesman. Five or six years ago a first rate British statesman promulgated that idea in the face of a free trade England which had been free trade for forty or fifty years, and there did not then seem to be any great probability that such an idea would prevail. But five or six years have passed and what do we find. So rapid has been the change in pub-

lie opinion, so rapid the progress of events, so strongly has the question of empire and the treatment due to the different parts of the empire taken hold of the people of Great Britain and the empire, that to-day the South African colonies give a preference to the mother country, New Zealand gives a preference to the mother country, Australia gives a preference to the mother country, Canada gives a preference to the mother country, and we have at the present time in the mother country itself, one of the great historic political parties entering into an electoral contest in which the first plank in their platform is tariff reform, with the avowed purpose of using it to give to the colonies preferential treatment. That marks a rapidity of movement and change in the fiscal ideas of the mother country and the empire which one would scarcely have ventured to prophesy a few years ago. And whether the Unionists or the Liberals are successful in the coming election—and I do not suppose any one wishes to hazard an opinion as to which it will be—I do not think it is going too far to say that the time is appreciably near when the policy of Great Britain will be one which will enable her to give to the colonies a measure of preferential treatment in return for the measure of preferential treatment which the colonies have given to her. Now, while I have every sympathy with the Minister of Finance in his endeavour, if he makes an honest endeavour, to advance the trade of Canada with other countries, I think it will be wise to be very careful in these different negotiations that we do not tie our hands unnecessarily as to make it more difficult for us to enter into that kind of partnership with the mother country, which, when the change comes in our fiscal policy which will enable her to do so, she will offer to us. Have we everything to gain locally by an entry into the markets of Great Britain on a referred basis. It is not necessary for me to ask that question; no one dissent. Not only have we locally in Canada but as far as we know that the empire has in uniting its scattered Dominions closely together.

In the way of evoking sympathy and greater practical interest in the way of uniting more closely all the members of the empire one to the other, as far as we have very much to gain therefore I say that it is well that the Minister of Finance and the government should slowly in making any entangling alliance with other countries until at least more light upon what may take place in the future in Great Britain. Of course it may be said that we make these subject to abrogation on certain but it is equally true that it is not

difficult to give notice of abrogation than it is to enter into a commercial treaty in the first place. Now, some people ask the question: Do you mean to say that any power exists which can make a tariff for Canada outside of the parliament of Canada itself, and are you willing to go into any arrangement of that kind. The question may be fairly answered in this way: There is no body which can make a tariff for Canada outside of the parliament of Canada itself, but that did not bar the parliament of Canada itself from giving preferential treatment to Great Britain, and to Australia, and to the West Indies, and to New Zealand, and neither will it bar the parliament of the United Kingdom, from giving to Canada or Australia or New Zealand or any other of the over-seas Dominions a preferential entrance into her market. Therefore, the question of having to submit to some outside authority before you can have the advantages of preference is altogether visionary. Each component part keeps its absolute autonomy and independent power of deciding what its tariff shall be, each looks over the field and as its circumstances allow and its sympathies and its interests direct it gives to the other member of the family a preferred entrance in whatever manner it may deem wise. I do not know that any imperial preference man; I have never heard of one yet who has advocated that under present conditions any other method of fixing the tariffs under a preference shall be resorted to than that which I have just mentioned, and it certainly takes away all objections on the ground of autonomy. So much with reference to matters of trade.

Now, I was going to criticise the Minister of Finance a little with reference to financial matters, but I am not sure that it will do any good. Any way he may say that the horse has gone and that there is no use of now locking the stable door. That is true, but a man who loses something valuable because of not having locked the door is very apt to see that his doors are afterwards kept secure so that the loss shall not be repeated. It is in that view that I want to bring to the attention of the Minister of Finance very briefly some things which he did not do and some things which he failed to do and some things which he actually has badly done in reference to this financial flurry which we have had. What then did he do? He knew as well as any man in Canada—he should have known better than any man in Canada—long before the latter part of 1907 and the first part of 1908 that this financial stress was coming upon the world and he should have taken two methods and employed both of them; first he should have anticipated by making a provision for the tremendous obligation he had entailed upon himself, he should have reduced his

current expenditures and should have initiated a period of economy a year before he did at the very least. In those two ways, by making provision in time before the hurry and the strenuous condition of the market put him in the very worst position, and the other by not making extraordinary estimates but rather resorting to economical and less extravagant estimates he should have prepared to meet the stringency. In those two points I think the minister failed. As a result what took place? The minister says he has not damaged the credit of the country. I do not think that intrinsically the country has been struck a fatal blow in that respect, but this much is true that the Finance Minister, by his methods, has not improved the financial condition of the country. That he has not improved it is easily proved by the two facts to one of which I have alluded with respect to his loans. In the first place, he has paid and has been for the last year and a half paying the highest interest on loans that has ever been paid in the history of Canada. He has reversed the downward trend arising from the better condition of Canadian finances and Canadian business which showed from 1870 down to 1894, and reached the low figure of 2.88 per cent in 1897. He has reversed that and his rates have climbed until now he is getting very little money at 3½ per cent and is paying very close to 5 per cent for most of the money that he has borrowed of late and that he will likely borrow in the future. In the second place, see the extraordinary methods to which he had to have recourse in order to get his money. It is a fact that the loans from 1879 to 1894 on the British market made by Canada amounted to £26,943,000, while those made from 1897 to 1909 amounted to £20,831,398. The brokerage that was paid by Finance Ministers for the former loans amounted to £55,718. The commission paid on these loans amounted to £214,916. That was under the old times when Canada's credit was not supposed to be as good as it might be now with the great development of this country. The Finance Minister from 1897 to 1909 has gone into the British market for £20,831,398, £6,000,000 less than the preceding figure which I have mentioned. On that he has paid a brokerage of £60,988, and a commission of £347,330. He has paid more in brokerage, on a less quantity borrowed, by £5,270, and he has paid more in commission, on a less quantity borrowed, by £132,414. Added together he has paid \$685,000 more for less borrowings than the amounts paid from 1879 up to 1894. And this, too, although he has during the later period had the advantage of a much more favourable brokerage contract made with the Bank of Montreal in 1892. That, I say, is an ex-

cessive increase, and the fact that he has had to raise his loans by such extraordinary payment is, I think, a very good argument to show that he did not find Canada's credit just as easy and as well established as he would try to make us believe. The following table will illustrate the above, it being borne in mind that 1897-1909 were Liberal government years:

Years.	Amount borrowed.	Brokerage paid.	Commission paid.
1879-1894	£26,943,000	£55,718	£214,916
1897-1909	20,831,398	60,988	347,337
Excess paid by Liberal government.		£ 5,270	£132,411
Total excess, brokerage and commission.			\$685,000.

There is no necessity of making a laboured criticism of the minister. That, I think, shows exactly in a nutshell the difficulties that he encountered, and I think I have given very plainly the reasons for which he encountered those difficulties. Will the minister and his colleagues having been given this respite through the grace of the farmers and of Providence, take any lessons and learn to guide their conduct by the experience of the past? I am afraid they will not. The Minister of Finance to-day indicated his intention of soon having, if he could, \$100,000,000 revenue—and spending it all. He gave out the cheering news to his expectant supporters that he could now afford to be a little more free in the matter of general expenditure, and I noticed that that evoked a corresponding cheer. But I noticed that the Minister of Finance did not say a word to indicate what he intended to carry out what he had done at last year and what was very strongly impressed on him from this side of the House, that in times of buoyant revenue he might well take a stern by the Chancellor of the Exchequer of Great Britain, and lay aside a certain amount each year for the extinguishment of the public debt, that when things were prosperous and the treasury was full and the revenues were buoyant it was a good time to strengthen the reserves of the country by laying aside something as a sinking fund and to diminish our vast debt. To-day we are carrying a debt of \$325,000,000. Next year that will be still larger, and the year after that larger than before, and it does seem to me to be a fair point to take that out of abundant revenues something should be done in order to diminish the public debt, give confidence to the lenders in the old country and at least make our acknowledgment of an obligation to pay the principal as well as to pay the interest on our borrowings. The country will also have to borrow during the succeeding year. I find that in 1910, some \$38,500,000 are to be met in maturing loans;

\$14,000,000 of this will be covered by sinking funds which will leave about \$24,000,000 or \$25,000,000 to be borrowed. That is for maturing debt alone, and to that must be added the borrowings for the Grand Trunk Pacific railway, whatever they may be, and I shall touch that subject later. In 1911, \$8,555,000 has to be met as a maturing loan, and will have to be borrowed. In 1912, \$30,500,000, and in 1913, \$8,000,000 have to be met in the way of maturing loans. All that is in addition to what may be necessary to be borrowed for the completion of the Grand Trunk Pacific railway. The Finance Minister in his statement of debt made very little, if any, allusion to the obligations which Canada is under. My friend from Qu'Appelle (Mr. Lake) by a question brought the minister's attention thereto.

The minister, however, set little store by it, for he did not consider it sufficiently important to make it an item in his budget. But it is true that Canada is under obligations, and increasing obligations in this respect. I find that for the Canadian Northern there are bonds of £1,923,287 at 3 per cent guaranteed, and for the same railway £1,622,586 at 3½ per cent, principal and interest, and, £5,200,000 is already guaranteed for the Grand Trunk Pacific; but, considering that we have to provide for a guarantee of 75 per cent of the whole cost of the Mountain Division, this obligation, before it is ended, will amount to a very large sum; and, although the Finance Minister may not think so, into whatever market he goes, not only will the revenues and the expenditures and the public debt be taken into consideration, but every obligation that the government is under is scanned as well, and scanned zealously, and goes to make up the estimation of the credit of the country.

At six o'clock House took recess.

#### After Recess.

Mr. FOSTER. I wish now to make a few remarks, Mr. Speaker, on the subject of expenditures, a matter in which, probably more than in any other, this government has made dangerous progress and has shown a disposition to completely go back upon all the professions its party made in their days of opposition with regard to principles, methods and conditions of expenditure. In making these remarks on the expenditures of the government, one cannot go so much into particulars as he would like; therefore I will confine myself to some general points. What first strikes us is the startling increase in expenditures from 1897 up. The Minister of Finance, this afternoon, in comparing the two administrations in relation to expenditure went on to show that the

percentage of general expenditures provided for out of current revenue by the present government was greater than that provided for by the preceding government during their terms of office. It ought not to have been difficult for the Finance Minister to give a very good reason therefor. His own accounts were before him and a mere glance at the columns would have shown him that the present government has taken from the people by means of taxation about twice as much as did the preceding government. This government, therefore, had nearly twice as much revenue at its disposal, and if they made just about the same proportionate charges to current revenue, the percentages which were mentioned by the Finance Minister would just about establish equality. In the twelve and three-quarter years during which this administration has been in power, it has taken \$618,000,000 in taxation from the country. In the last twelve and three-quarter years of the preceding administration they took only \$340,000,000. That is, the present administration has taken nearly double the amount in taxation that their predecessors did, and on the same principle and rule, they would disburse a much larger amount for what the minister calls capital and special expenditure. But the Minister of Finance spoke also of the conditions of the debt, and I would like to recall his attention and that of the House to a point which I made in a preceding debate. During the incumbency of the Liberal-Conservative government, \$118,000,000 was added to the public debt. Of that, \$10,000,000 was incurred in adding a very valuable asset to this Dominion in the form of 7,500,000 acres of land in the west at about \$1.50 an acre. If you count the \$118,000,000 of addition to the debt on the one side, you must look on the other side also and consider the assets. Now, the assets that represent debt in the Dominion of Canada are not, as a rule, productive. Many of them, instead of being productive, are the very opposite; they are wasting assets; they are continually depreciating and requiring not only the payment of interest on the first investment, but the cost of upkeep and maintenance. In this case, an asset of real value was added to the country in the form of 7,500,000 acres of land which, if it had been reserved to this day would, counted at the moderate price of \$8 per acre, represent a value of \$60,000,000. That, when pointed out, any fair-minded man would take into consideration. And, in connection with that, let me ask what live asset of any similar value has the present government added to the resources of this country by the addition of any similar, or even greater, amount to the public debt? They have been often in haste to get rid of the lands of this country

by selling them at remarkably small prices to favourites of the government. Here was a case in which the land was bought for the Dominion, and has remained and remains to this day as an asset, an asset which has greatly increased in value, and it represents certainly at a moderate calculation the amount which I have named.

The expenditure of this country in 1896, for all purposes, was \$41,000,000; in 1897 the expenditure was \$43,000,000 a very slight addition; but in 1909 the expenditure has gone up to the enormous sum of \$133,000,000, a little more than three times the expenditure of 1896. It is altogether easy, and just as futile as easy, to say that the expenditure increased because the country has grown. The country is growing, and the country's expenditure must grow. But here is a growth in expenditure which exceeds all corresponding growth in population, or in any other way that you may mention. It is an inordinate increase in expenditure. When you come to the column which represents the expenditures of the Liberal-Conservative party, you will find that in 1873, to commence with that date which was about the time the Liberal government came into power, the expenditure was \$39,000,000. In 1880 when the Liberal Conservatives were again in power, the total expenditure was \$34,000,000. Now from 1880 to 1896 were periods of growth, of expansion, of building large public works, and it takes in the beginning and the completion of the first transcontinental railway, namely, the Canadian Pacific railway. And yet if you run through the columns of figures, you will find that the total expenditure keeps along in the thirty and forty millions. In 1880, as I have said, it was \$34,000,000; in 1887, \$41,000,000, and from 1887 to 1896, the average total expenditure was only \$42,000,000. The great works which had to be undertaken and carried out, in the way of the enlargement of the canals, in building the Canadian Pacific railway, in construction of the Soo canal, and in subsidizing and building other branch lines of railway, all that was undertaken and carried out, and yet the absolute total expenditure for all purposes only increased from \$34,000,000 in 1880 to an average of \$42,000,000 from 1887 to 1896.

Now there is no parallel between that and the expenditure by this government. The Finance Minister says, we are also building a transcontinental railway. So you are, and you have paid out to end of the financial year some \$51,000,000 for it. But do not forget the fact that the Liberal-Conservative government built the Canadian Pacific railway, in so far as public aids were given, and that this increased the total expenditures by \$62,500,000, but this government has increased the total disbursements from \$43,000,000 to \$133,000,000

in twelve and three-quarter years. Therefore, there is no possible parallel between the two.

Let me put it in another way. From confederation up to the present date the Dominion of Canada has expended 1,985 million dollars. All the previous governments up to 1897 expended 1,063 millions of that; this present government, in its twelve and three-quarter years, has expended 922 millions. That is to say, in twelve and three-quarter years this government has spent to within 70 millions an amount equal to what the whole Dominion of Canada spent in the preceding 29 years. Is not that going it some? It is a startling thing when you come to look at the figures; 922 millions in twelve and three-quarter years, 1,063 millions in the 29 preceding years. But great expenditures necessitate great taxation, great income, or that combined with great borrowings. So what is the record to-day with regard to taxation? This, that as regards receipts, 1,672 millions have been gathered from the Canadian people since confederation, 828 millions of this have been gathered in twelve and three-quarter years by this government, 844 millions was gathered in 29 years by all the governments preceding this. So this present government has gathered from the country, taking out of the pockets and earnings of the people, within 8 million dollars as much as was taken out of the pockets of the people for the 29 preceding years.

Now if you take the twelve and three-quarter years, what has been the average of population? Five and a half million people in twelve and three-quarter years has handed over to this government 828 million dollars, or an average of 65 millions per year. Now the Minister of Finance may make his divisions and calculations with regard to the net debt, and set forth how much it is per head. That proves nothing. The point is: What are you taking out of the individual taxpayer of this country? What are you taking out to-day? \$11 to \$12 per head, whereas in 1896 we took out a little less than \$5.50 per head. This money you took out is money that comes from the man's earnings, it is so much abstracted from his capital. There ought to be no reason in the world for taking it except that it is absolutely necessary that the aggregate of the people of this country should be governed and, that they should pay for it. Yet you have taken this immense amount of money, \$65,000,000 per year during the last twelve and three-quarter years, or a total of 922 millions, and in addition to that are the borrowings you have provided for.

Now when any man looks around, goes through the books, looks around this country and asks what we have got for the 922 millions of expenditure in twelve and three-

quarter years, he finds it difficult to answer that question. What have we got that stands and is useful to this country, and is either productive or stimulating? What have you? It is a debated question as to whether the Grand Trunk Pacific, as regards the portion from Lake Superior junction to Moncton, is a stimulant to this country, or will be productive within very many years. But even that represents to the end of the present financial year only \$51,000,000. What have you to show for the \$922,000,000 less the \$51,000,000, that has been spent in the twelve and three-quarter years? We cannot escape from the conviction that millions of it have been worse spent than wasted. We are in no condition to absolutely prove this, thanks to the repressive system of the government. By a mistake the government appointed a commission which went a little beyond its contemplated duty and lifted the lid in one of the departments. It showed a department without business methods, with the grossest extravagance and with a lack of conscience. Arguing from that this side of the House pressed for an investigation in other departments. Why not? The other departments are the stewards of the people, managing the money of the people. Was there any reason at all why the people should not know how that money had been used, how these stewards had managed? If they had managed wisely, if they had expended that money properly, the people would have seen that they had done so and would have praised them. What did the government fear? And yet with absolutely similar conditions, this side of the House and the people of the country were debarred entirely from auditing, in any kind of a fair way of examination by independent parties, the \$922,000,000 which has been expended by this government in twelve and three-quarter years. Now, Sir, I wish to say a little more as to special expenditures. I take public works. The public works of this country, during the Liberal-Conservative administration, had expended upon them an average of \$2,000,000 per year. When this government came into power, for a few years it made an expenditure of about \$4,000,000 per year. Then a change took place and I am going to ask the House, in the first place, to listen to a table, which will be printed in 'Hansard,' as to the progress of expenditures on consolidated fund account in all of the departments and then make a few more extended remarks in reference to one or two of these departments. The table is as follows:

#### CONSOLIDATED FUND EXPENDITURE.

	1896.	1909.	Increase.
<i>Miscellaneous.</i>	\$	\$	p. c.
Administration of Justice	758,270	1,210,364	63
Agricultural and Statistics	210,877	1,403,569	665
Civil Government	1,396,628	3,283,265	135
Fisheries	427,250	951,728	123
Geological Survey	52,668	247,659	370
Immigration	120,199	972,326	700
Quarantine	95,247	121,665	30
Indians	880,408	1,307,245	50
Legislature	904,687	1,543,327	70
Light Houses, &c.	466,057	2,721,801	500
Mail and Steamship Subsidies	534,916	1,684,683	200
Militia	1,136,713	5,221,644	360
Ocean & River Service	181,451	1,201,804	560
Pensions	86,080	191,532	120
Public Works	1,299,768	12,300,184	850
Scientific Institutions	81,669	553,921	570
<i>Collection of Revenue.</i>			
Customs	896,332	1,994,951	122
Dominion Lands	119,908	548,607	357
Inspection Staples	2,576	160,184	6,000
Post Office	3,665,011	6,592,386	175
Public Works	159,460	625,034	280
Railways and Canals	3,725,609	10,780,125	190

#### PUBLIC WORKS EXPENDITURE, CONSOLIDATED FUND.

	Mis-	Collective	Total.
	cellaneous.	Revenue.	
	\$	\$	\$
1896	1,299,768	159,460	1,459,228
1909	12,300,184	625,054	12,925,218
Increase.	11,000,416	465,574	11,465,990
" p. c..	850	280	785
Average Expenditure 1873-1883.		\$	1,300,000
" " 1883-1900			2,000,000
" " 1900-1904			4,000,000
" " 1905			6,765,000
" " 1906			7,484,715
" " 1908			8,721,326
" " 1909			12,300,000

In eight and three-quarter years, \$57,000,000 have been expended on miscellaneous public works alone. I say that this expenditure is inordinate. It is indefensible and you cannot point with your finger to the compensatory advantages, to the compensatory product of stimulus or of use to warrant the expenditure of this amount of money. Not only are we startled by the

great increase in these expenditures, but, Sir, there are other things that might be said about this expenditure on public works. It applies to a great many expenditures but particularly to the expenditure on public works. In the first place there is no plan upon which these expenditures are made. There is no setting down by a competent authority, or competent board, and taking into account the amount of money it would be wise to spend, taking into account the needs of the services for which alone the money should be spent, taking into account the localities which are to be served and in the line of precedent. There is no such thing as that at all. No country in the world proceeds to its expenditure upon public works on the haphazard and secret plan on which this Dominion of Canada proceeds. There is absolutely no publicity in the matter. It is a matter between the candidate, or the person pressing for the expenditure and the minister who has charge of the expenditure. The expenditure is warranted by the government before the House or any body else outside of it has any knowledge of the thing at all.

Once the government comes down with these estimates it is impossible in 99 cases out of 100 to change an estimate in the least. In the United States, where we think they have been pretty extravagant, no congressman can get an appropriation for public works by simply going to a minister and buttonholing him. He has to submit his resolution that it is wise to have a public building built in a certain place; he has to substantiate that before a responsible committee and that committee has the oversight of the whole amount that is to be expended during any one year. Congressman A or Congressman B does not get \$20,000 for a post office by going to the minister and persuading him to put it in the estimates; he has to go before the committee, which has the examination into all the appropriations for all public buildings, and which considers the reasons for the expenditure and then decides what amount of money will be expended at any particular place. Then and not till then does it go into the estimates. But worse than all that, we had a singular instance in this House the other day; worse than I have ever known it before; we had a proposal which was well understood and heard by the Minister of Finance who to-day prided himself upon being a trustee for the people and of sitting here in that capacity. What was this proposal? It was to spend \$20,000 or \$25,000 of the people's money. What for? For a post office. What was the postal revenue of the place? \$700 in the year all told. The question was asked of the Minister of Public Works: Has the Postmaster General asked for it? The answer was:

No. The Minister of Public Works buttonholed by somebody puts in an appropriation of \$20,000 or \$25,000 for what he calls a post office in a place where to-day there is a postal revenue of \$700 annually, and where the present postal accommodation is rented for exactly \$38 a year. And when the Minister of Public Works is questioned he admits that no post office authority has told him that they need a post office in that place to carry on their business. Is not that a perfectly outrageous way of proceeding? Is there any other sane legislative body in the world that would do that kind of thing? Who should be the judge of the necessity for a post office? The post office authorities themselves and nobody else. The post office authority is absent in Europe, his officers are present here, but neither he there nor one of his officers here has ever signed a scrap of paper asking for the erection of a post office in that town. There was another proposition brought into the House by the Minister of Public Works to build a new examining warehouse in the city of Quebec. It was to cost about \$500,000. He wanted a vote of \$50,000, he thought it would be best to change off the old and get a new site and if so this \$50,000 was to go towards the building. The Minister of Public Works proposed to get a vote of \$50,000, which would authorize him to proceed to spend if he thought it was best, \$500,000 for a customs building. The Minister of Customs came into the House and it was brought out in the course of the questioning that the Minister of Customs had never asked for this building, that he absolutely knew nothing about it, except that the old building had had a fire in it and that it must be repaired in order that his men could do their work. These are not isolated cases, they are pattern cases. Over and over again this session and last we have cornered the Minister of Public Works in his appropriations for buildings, and we have had him admit time and again that the Minister of Customs never asked for this and the Postmaster General never asked for that, and the departmental administrator knew nothing about it. And when he was brought to book the Minister of Public Works justified the action by saying that every country seat ought to have a building costing from \$20,000 to \$25,000. Well, the meaning of that plainly is that the government is not erecting public buildings for the use of the service but for patronage purposes, sticking up one in every county town whether it is necessary or not. That is the system upon which this immense expenditure in the Public Works has grown up chiefly, until it is to-day \$12,000,000 under the administration of the present minister. Does not this House think that before a

public building is erected the departmental head of the department which requires the use of it ought to express an opinion upon its necessity? Does not the House think there ought to be some board which would take all these matters into consideration and appropriate these moneys for public buildings? Look at the iniquity of putting up a \$25,000 building somewhere in the country where there is a yearly revenue of not more than \$700, and not asked for by the Postmaster General, and not required for the needs of the postal service. What does it mean? It means that the trustee Minister of Finance sitting yonder allows to be taken out from under his key where he has it in charge \$25,000 of the people's money for a mere matter of paltry petty patronage; that is what it means, nothing more and nothing less. On the other hand you have a city like Lethbridge, which has a postal revenue of \$20,000 and more, which has absolutely no decent place where people can get their mail matter, and yet there is no post office building there, good or bad, and there is no proposition to put one there. But, because the member representing Lethbridge happens to be on this side of the House he must go chasing around for ever looking for the just rights of his city. Well, neither the member for Lethbridge should have to chase around looking for suitable accommodation for the postal service in his city nor should the other man get a post office in his village for patronage purposes, but, when such buildings are necessary in the public interest the Minister of Public Works and the Postmaster General should consult together and decide first that the building was necessary, and in the second place, the kind of building suitable for the conditions of the public service in that particular place. Where are we to come out at if we keep going along in this way? One can learn much by keeping his eyes and his ears open in this House. I heard a minister state in the House the other day that \$27,700 was expended for a piece of dredging and he believed there was more dredging to be done there which meant more cost. What are you getting? A channel from five to eight feet deep. Who is using it? One gasoline launch and one steam vessel—but there was a great paucity of information as to what particular amount of business that gasoline launch and that steam vessel were carrying on. There will be probably \$40,000 or \$50,000 of the people's money for which those gentlemen are trustees expended for what reason? Any broad purpose of commerce? No, I venture to say expended where no men of a corporation would dare to expend the money which was given to them by their shareholders

and justify it to their shareholders when they met them. I could go on and give examples of that kind of thing for hours upon hours. Examples of this are in our estimates through and through, they are in our public accounts and have been for years. I think this thing ought to be remedied, that the government itself, for very shame's sake, ought to provide some business-like method of constructing its public works and ought to at least have a consultation of the heads of the departments that are nominally and in practice to be served by the construction of these works. As an example we may take a little item for dredging for which some \$42,000 or \$45,000 have been paid. This is for a little place down in New Brunswick, a portion of a small lake. I believe they got five feet of navigation, perhaps more. I know the place well, and no business man will go there and tell you that you should have spent one red cent upon dredging in that locality, it is absolutely thrown away, given to a friend of the government—and to a friend of the government who puts his money in large quantities into the support of the government and the support of organs which support the government. I am willing to make this challenge to the Prime Minister, to pick out any three business men, add to them an expert, send them down there and let them report to him; and I am willing to stake my reputation that their report will be that no trustees or the people's money who have a proper regard for their duties would have allowed a single dollar of that kind of expenditure. Will the government take the challenge? But I turn off from that very fertile subject, I hope we shall hear more about it before this session is over, and I come to another point.

If there is one thing that these hon. gentlemen pride themselves on more than another it is their business management of the affairs of this country. I have heard them boast that their management is a business management, and I have heard their supporters boast, sometimes, thinking

to be true, that their course of administration in a business point of view was a marvel of business ability and of business methods. I want to adduce just a few examples of what these gentlemen have undertaken and of what they have done and what they have failed to do—just one out of maybe a hundred pertinent examples that might very well be called to mind.

First let me take their management of the Yukon Territory and ask whether it has been a very brilliant phase of their administration? These gentlemen came into the possession of an awakened and partly explored Yukon. They entered upon its administration and declared in this House

over and over again, that they were going to make the Yukon pay for the Yukon, dollar for dollar, and would make it even a source of revenue. Let us go to the record and see what happened. In 1901 this government had a revenue of \$1,393,982 from the Yukon and made an expenditure of \$1,254,156, leaving a surplus for that year of \$739,826. From 1894 to 1900 there had accumulated a surplus in the Yukon management of \$940,769. That is, at the end of 1901 this government had a surplus of \$1,680,595 in their hands as a result of the previous management and previous conduct of the Yukon. What happened afterwards? Come down to this present year, take the whole of the operations from 1894 to 1909 and you find that the total net deficit amounts to \$2,236,367. Taking all that came in and all that went out they have expended in the Yukon \$2,236,367 more than they received since 1902. But in 1901, they had a surplus of \$1,680,000. From 1901 to 1909 they got rid of that surplus and they landed in a deficit such as I have named so that they got away with \$4,916,962 in their management of the Yukon in eight years. Is that brilliant management? You had about 30,000 or 33,000 people there in 1901. How many have you to-day? Eight thousand—I think I would be nearer if I said 5,000. You had an income in gold of \$22,700,000. What have you now? Two and a half millions or two and three-quarter millions, something like that. Yet the very last year of your administration there, whilst you got a revenue of \$572,650, you took care to spend \$837,015 and made a deficit that last year of \$264,365. Is that brilliant business management? It costs to-day, according to the figures I have read, nearly \$170 per head of the people of the Yukon to administer it for a single year.

Let us take another instance. There was the Stickeen-Teslin railway arrangement. This government entered into a straight and fast contract just on the eve of the assembling of parliament. Parliament looked into that contract, parliament did not approve of it and held it up. Force was strong enough to put it through this House, but force was not strong enough to put it through the Senate. As a result it did not go through parliament, and after the government got their majority in the Senate they did not attempt to put it through. What happened? They had to pay \$28,323 to Mackenzie & Mann for breach of contract or for damages. That money went out from the hands of these trustees and what good ever came to the country from it? Wouldn't it have been better if they had brought the proposition down and threshed it out in the House before they made the hard and fast contract which bound them in the end to pay these dam-

ages? Was that brilliant management on the part of a board of trustees? Then there was the Drummond Counties railway. Their own minister came to this House with the sanction of his colleagues, and told this House: 'I can buy the Drummond Counties railway for \$2,100,000 or a little more.' This House questioned the justice of the payment; the other House not only questioned it, but examined into it, and held it up for a year. The next year their own minister, with their sanction, bought the same property under better conditions for \$800,000 less than he wished us to pay for it the year before. Was that brilliant trusteeship? If the shareholders had not sat in on that transaction we would have been out from \$800,000 to \$1,000,000 more than we are.

Then there comes the Quebec bridge. This is fresh in the minds of all. The Quebec bridge, from the very moment of its inception, was known to be on a great line of traffic, a most important link between the north and south shores of the St. Lawrence, between the great west and the farther east. What happened? To the company which never put in more than \$200,000 of stock, which only paid up a fraction of that, until and after it was forced to years later by the government, they made advances and loans of nearly \$7,000,000. They omitted the slightest precautions of having proper supervising engineering. The bridge fell down one fine day, and some 75 people were drowned. The government woke up. They woke up in two ways. In the first place, they paid to this company, which gambled on the prospect of making a lot of money out of the transaction, by controlling a line that was necessary, and terminals which were to be added to it. They paid them back in full all the stock they had subscribed for. They paid them five per cent for the time they subscribed for the stock until they got their money. They then added ten per cent of a bonus, so that they would not have any wounded feelings, pocketing the \$7,000,000 of loss. They then brushed up and looked into the matter in a businesslike way, and since then they have spent \$100,000 on examination and engineering, owing to the loss occasioned by their failure to supervise and provide proper engineering ability at an earlier stage. They now have found out that what their company had passed as sufficient foundations for the Quebec bridge are not sufficient, and a \$2,000,000 contract is invoked for better piers, new abutments and better foundations. There is \$9,000,000 gone before you commence your superstructure. What that will cost I do not know; but putting it at \$5,000,000, that makes up an expenditure of \$14,000,000, of which over \$7,000,000 is an absolute

loss—why? Because the work was begun and carried out in a fashion that no trustees for any estate or corporation would have descended to for a single moment.

Then there was the Newmarket canal, which is a euphemism for the Aylesworth ditch. There are the trustees—they face me now. The trustees are taking a million and a quarter of the moneys of the estate for which they are trustees and are putting it into the Aylesworth ditch. No water, little population, no traffic—an absolute waste, and the worst kind of a waste, because it lies in plain, open sight. If they wanted to make a spectacle like that, why didn't they do it away from the settled portions of the country, where it would not have been seen every day by people who travel? In the bottom of his heart the Minister of Railways is ashamed of it. The Prime Minister, who is the head trustee, has never deigned to show what is to be carried on that canal when a million and a quarter of money is to be put into it. They have been challenged over and over again, and yet none of them has the backbone to stand up now, before more than \$300,000 has been spent, and say: 'we made a mistake, we have sunk \$300,000, but, by George, we will not sink the other \$900,000.' Whilst in the west, I took an automobile trip down the Red river to see a very notable, noted, or notorious work, called the St. Andrew's lock. There you have a very fine work. The total cost of it, I believe, is to be over \$600,000.

Mr. BRADBURY. A million and a half.

Mr. FOSTER. Six hundred thousand dollars has been spent now.

Mr. BRADBURY. Over a million.

Mr. FOSTER. It is worse than I thought it was. Supposing we put it at a million or a million and a quarter. Has the Prime Minister ever seen it?

Sir WILFRID LAURIER. I have not had that privilege.

Mr. FOSTER. Has the Prime Minister ever inquired into it?

Sir WILFRID LAURIER. Yes.

Mr. FOSTER. That is a very weak reply. The Prime Minister is head trustee for the people of Canada. Will he now justify his conduct as head trustee for the people of Canada in sinking a million and a quarter of money in the St. Andrew's locks? Of that amount, \$200,000 is for a highway bridge, for which no vote was ever taken, and that bridge lies there in its naked steel splendor, thirty-five or forty feet up in air from the road on either side. I want to ask the Prime Minister, as head trustee for the people of Canada, to tell me to-night if he can get any three business men in the city of Winnipeg to put within his hand any justification, on the traffic

that exists at present or or the business which may be expected in the near future, for the expenditure of a million and a quarter of money on that work? It is one of the finest pieces of concrete masonry and steel that I ever saw; but where is the business to come from? It is an absolute waste of public money at the present time. Was that brilliant work, when the head trustee himself does not know a thing about it? Who does know? Somebody; and somebody ought to have told it.

Take another example on a rather different line. Was it a particularly brilliant piece of business when these trustees of Canada's state took it into their heads one fine day to sell 250,000 acres of Saskatchewan valley land?

Some hon. MEMBERS. Oh, oh.

Mr. FOSTER. The Prime Minister (Sir Wilfrid Laurier) laughs. That shows how serious a question he considers this to be—for \$1 an acre, one-half in scrip? What was the plea offered to the House to justify selling for that small amount? That it was arid land, nearly desert, and not fitted for settlement. I passed through that region this summer. Of all the regions in the west, you will not pick out many that, over a greater length and breadth, comprise such good lands as these, lands of greater production, greater fertility.

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. I am glad to hear the applause; repeat it please—or actually yielding larger crops. Along that line I conversed with one man who had raised 30,000 bushels, and he told me that his neighbour probably had 5,000 more than he had. Now, these hon. gentlemen opposite say: 'Hear, hear, hear, hear'. But is it within the range of possibility that lands that five years ago, were desert and unusable for cultivation, have changed their quality and capabilities and have suddenly blossomed into fertility? If so how does it come about? There have been dry and partly desert lands that were made to blossom like the rose by the application of the principle of irrigation. But no irrigation was applied to these lands, the soil was just as good when the sale was made as it is to-day. And on the records are the opinions of the government's own trusted employee, there to be read for all time, that that land was good land and that if experimented upon it would prove itself to be good land. When the land was sold, these records were before the minister who made the sale. And the land was not even put up at auction, but was sold at private sale for \$1 per acre, partly scrip. And to-day the value would average, along the length and breadth of this tract, probably \$10, \$15, even \$20 an acre. There was at least \$2,000,000 which should have been an increment to the public

treasury, absolutely squandered by these trustees.

Well, is it necessary to mention the 'Arctic', with its expenditure up to the present time of \$400,000 with its large feeding operations, its great stowage capacity, the quantity of words that have been used about it contrasted with the minimum of benefit that has come from it—and the remainder of it ever before us in the form of an extraordinary tablet put up somewhere between here and the library, commemorating the adventures of one Captain Bernier.

And what shall we say of the Port Colborne arrangement—and now I would like the attention of the Minister of Railways (Mr. Graham) for fear I would go wrong. As I read the record the Department of Public Works spent on that work \$904,459, and the Railways and Canals Department spent \$1,700,000 besides. If these figures be correct, we find that the country has there an investment of over \$2,600,000. Will any one tell me what is going on at Port Colborne by virtue of that expenditure of \$2,600,000 of the people's money? I am wrong if I did not hear an intimation not long ago from the Minister of Railways himself—it may have been in this House—that the time had come when the Welland canal should be deepened, that it was a necessary work and must be done. And when asked whether Port Colborne would be of much use there after, I think his answer was what it self-evidently would be. But what purpose, in the production or transport of this country, is now being fulfilled by Port Colborne which would justify \$2,600,000 of the people's money being put into it? At ten per cent, which is a small allowance in the case of such works for interest and depreciation, this represents a burden of \$260,000 a year upon the people. But it is manifest now that the thing was built before all the circumstances and conditions were taken into account. And, as it stands, is it a particularly brilliant achievement for this government? I hope it may pay for its cost and its maintenance, but that it has paid up to the present time, or ever will pay, is, I think, exceedingly doubtful.

Let us then, come to the Intercolonial. Now, the Intercolonial is above ground, not to be washed away by the sea or its roadbed taken from it except at the will of the government itself. There it is and there it has been for years. From 1893 to 1896, under Liberal-Conservative rule, the net deficit on that road was \$25,354, an average of \$6,438 per year. The capital expenditure in that period of four years was \$981,485, an average of \$245,371. This government comes in and takes hold of the Intercolonial. They have men of business capacity among them and know how to manage railways, they are a business govern-

ment. And what is their record? From 1897 to 1903, the net deficit of the Intercolonial was \$350,303, an average of \$50,040. In 1904, the deficit was \$900,751. From 1905 to 1909, the net deficit was \$2,330,000, an average of \$446,000 a year. In that time, \$33,100,000 has been expended on capital account, an average of \$2,550,000 a year. The last year of its operation has shown a deficit of over \$800,000. This is shown more clearly in tabular form:

I. C. RAILWAY.  
*Deficits and Capital Expenditure.*

Years.	Net Deficit..	Average per Year.	Capital Expenditure.	Average Capital Expenditure per Year.
	\$	\$	\$	\$
1893-96.	25,345	6,438	981,485	245,371
1897-98.	350,303	50,040		
1904....	900,751	900,751	33,100,000	2,550,000
1905-09.	2,330,000	446,000		

This period of 1897 to 1909 we have described to us in panegyrics of praise by the Minister of Finance no later than this afternoon. It marks the highest level of Canadian development trade and prosperity. Yet, during that high-water-mark, this Intercolonial railway has been so mismanaged that it had eclipsed all its previous records for deficits and all previous records for capital expenditure. The deficit is of the enormous amount I have mentioned. What is the trouble? It certainly is not brilliant management. But there is another point to be taken into account as illustrated by the following table:

I. C. RAILWAY.  
*Statement of Capital Cost, Carrying Interest, Deficit and Total Burden.*  
(12<sup>1</sup> Years Liberal Administration.)

Year.	Capital Cost.	Interest on Capital Cost at 4 p.c.	Deficit for Year.	Total Burden for Year.
	\$	\$	\$	\$
1897....	50,000,000	2,000,000	50,940	2,059,940
1909....	81,540,000	3,261,600	800,952	4,062,552
Increase in 12 <sup>1</sup> years.	31,540,000	1,261,600	741,012	2,002,612

In 1897 when these gentlemen took hold of the railway, it had cost up to that time \$50,000,000. The burden of carrying it at four per cent interest was therefore \$2,000,000; the deficit that year was \$59,940. The burden upon the people therefore was \$2,059,940 that year. Now this government has been in up to 1909, and what happens in 1909? The cost of the railway is \$81,540,000 on capital account; four per cent interest on that is \$3,261,600; the deficit, \$800,952; the total burden, \$4,062,552. Does it not startle you when you think about it?

Now what happens in Australia? A paragraph in the press of to-day says that in Australia, where the government owns the roads, a sparser population by far, many more difficulties, yet the earnings this last year were over \$20,000,000; the net revenue was \$8,600,000. They paid all interest, all pensions, all running expenses, and put \$1,143,837 to the credit of the railway in the consolidated fund.

Mr. GRAHAM. If the hon. gentleman will give the Intercolonial the Australian rates and conditions, we will give him a surplus of more than \$1,000,000 a year.

Mr. FOSTER. The matter has been in the absolute management of this government from 1897 onward. What kind of a plea is it for the minister to rise now and say: If we had done so and so, we might have had so and so. They were free as the trustees of the people's property they were managing that road, and this is the way they have managed it. But it is not all because the rates are not as high as the rates are in Australia. I bring the Prime Minister, the head trustee, as witness. What does he say in the city of Toronto? He says we have had good Ministers of Railways on both sides of the House, and there has always been a deficit. Why? Because the system under which it is managed is vicious. It is not the fault of the minister, it is the fault of this system. Yet with plenary power these gentlemen have managed that road from 1897 to 1909, and they have not changed the system. I will tell the minister where his deficit comes in, or I will give him an authority to which he will pay attention. He cannot discuss the authority in the way of disparagement, it would not be proper, neither do I think it would be just. Here is a gentleman who knows and who says:

The Intercolonial is administered by the members for the different counties through which the road runs, or rather by the election workers of those counties. Patronage is the real cause of the deficit under all regimes. In the first place, the member is besieged and he in turn lays siege to the minister. If such and such a one does not get a situation he is sure to lose 25 votes or more in such and such

a parish. Those who know anything, and have taken part in electoral contests, realize quite well that a great number, most, in fact, of those who seek to obtain these situations have never been able to make their way in business, or to make their way in the world. There are perhaps exceptions, but it is the general rule. Then there are the contracts, the purchases—

For instance, the Lodge purchases, the Pearson purchases, the Merwin purchases, and all that kind of purchases.

—the tariffs, all of which are regulated from a political point of view. Last year, for instance, (1904), we had the general elections, and they must have cost the Intercolonial at least \$500,000.

Who is the author? J. Israel Tarte. Does the Prime Minister scout that author?

Sir WILFRID LAURIER. When did Mr. Tarte say that?

Mr. FOSTER. In 1905, when I believe he was a trusted colleague of my right hon. friend.

Sir WILFRID LAURIER. No, he was not at that time.

Mr. FOSTER. Had he just been turned out? Was my right hon. friend just then in a mode of disciplining ministers who had an unfortunate penchant for stating the honest truth? Men like the Minister of Customs were going around saying we had a revenue tariff; men like the Prime Minister were declaring that we were on the road to free trade as they have it in England; men like the Finance Minister were half and half, always apologizing, always in the line of defence. But Mr. Tarte was honest. He said to his colleagues, you know you are practising protection, is it a sin for me to tell the people that we are? Do you so discount and disparage honesty as to make me a deceiver before the people? I will not do it, I will tell the truth. He told the truth, and he ceased to be a member of the cabinet; he was disciplined. Yet to-day Mr. Tarte has his revenge. If his spirit seeks these halls, and if that spirit understood the fervid and suppliant speech of the Minister of Finance this afternoon, his argument for the righteousness of bounties and the efficiency of payments of that kind, then at least Mr. Tarte has his revenge.

Now suppose we go a little further. From 1897 to 1909 the net deficit has been \$3,481,000 under this government and besides they have added \$33,000,000 capital expenditure. But this does not take in the Prince Edward Island Railway. The Prince Edward Island railway has a record much the same, although not to so large an extent.

The following tables are illuminating:

P. E. I. RAILWAY.  
*Statement of Capital Cost, Carrying Interest, Deficits and Total Burden.*

Year.	Capital Cost.	Interest at 4 p.c.	Deficit.	Burden.
	\$	\$	\$	\$
1897....	3,740,000	149,600	87,046	236,606
1909....	8,259,033	331,360	89,010	420,370

P. E. I. RAILWAY.  
*Statement of Deficits and Capital Expenditure.*

Years.	Net Deficit.	Average Deficit.	Capital Expenditure.	Average Capital Expenditure.
	\$	\$	\$	\$
1893-96.	294,500	73,600	Nil.	Nil.
1897-09.	989,720	76,100	4,508,461	347,000

In brief, the deficit from 1897 to 1909 on the Prince Edward Island railway has averaged \$76,100 per year. The capital expenditure has been \$4,508,461, an average of \$347,000 each year. The capital cost of the road was \$3,740,000 in 1897; the interest on it at 4 per cent would be \$149,600, the deficit was \$236,606. In 1909 the capital cost was \$8,259,033, the interest \$331,360, the deficit was \$89,010, the burden \$420,370, showing the same sinister gain in the burden of that railway under the management of the Minister of Railways.

Now if we ask ourselves why it is that the Intercolonial cannot be made to pay, is there anything in its circumstances that prevents it? Look at the Intercolonial. It passes through a well populated country. It has on its line, commencing with Sydney and Halifax, the towns in Nova Scotia, with St. John and the towns along the north shore, coming up into Quebec, and making its terminus in the city of Montreal, favoured with population, favoured with business which, taken in connection with its tourist capabilities, certainly make it a road which ought to pay at least its working expenses, and the improvement put upon it. No interest paid, no dividend paid, \$33,000,000 of capital expenditure and a deficit of \$3,481,000—even under these conditions of no interest and no dividend. It is

simply a plain matter of business management. It can be made to pay, only this government does not seem to be working in that line. Then, what has happened? Not content with running the Intercolonial railway in that way, these gentlemen have come down and they have pledged \$26,900,000 of the people's money to build a parallel and competing line of railway from the city of Quebec down to Moncton. What is your \$26,900,000 railway going to do there? Going to take through traffic? What does the Minister of Railways say?—we cannot make the Intercolonial railway pay because we cannot hitch it on to the through traffic. But the way to make it pay is to establish a competing line and put \$26,900,000 of the people's money into that competing line! That is one way to make it pay. Would the trustee of an estate manage the estate in that way? I do not believe it and I do not believe that the people in this country have yet got down into their minds the extravagant, aimless, unbusinesslike way in which this government that pretends to business management, has been carrying on the affairs of this country.

If the House will bear with me a minute more I would just like to touch the Grand Trunk Pacific, which is the last child of my right hon. friend and a boy whom he expects to grow up, live for ever, and bestow constant praises upon his parent. I think I do not hazard any statement that is extreme when I say that the manner in which the government went into the construction of this railway did not argue foresight, business management or common prudence. What engineering or other knowledge had they of a large portion of the route which they determined by drawing a line on the map was to be followed by that railway. In reference to the Quebec-Moncton section, what necessity in the world was there for putting \$26,900,000 of money there instead of taking \$8,000,000 or \$10,000,000 and putting the present Intercolonial railway in a first-class position, quite sufficient to carry all the traffic that would follow in the wake of this development? But, if there is one thing more than another in which these trustees have failed in their duty to their stockholders it is in this that their information was so faulty that it deceived their stockholders. The chief trustee and his lieutenant the Finance Minister, came before this House and the people of the country and declared that you could build that section of the road from Moncton to Winnipeg for \$51,000,000, or a little more. Is there any doubt about that? When the Prime Minister was questioned as to how he knew that, what information he had, he said they had mountains of information and he pledged his word to the people that that was a fair calculation of the cost. I have put some questions on the Order

Paper. I have, the result of those questions here from the Minister of Railways and Canals and they show that from Winnipeg to Lake Superior Junction the total expenditure will be \$20,984,690, that from Lake Superior Junction to Quebec, \$66,473,171 is the estimated expenditure, of which twenty-seven and a third millions have been already spent. That makes \$87,457,861 from Winnipeg to Quebec. Then from Quebec to Moncton the total cost, as given by the Minister of Railways and Canals, most of it spent, some estimated, is \$26,935,902, which makes in all, \$114,393,763, which is the latest estimate after half of the expenditure has been made, or may be a little more as the total cost of that portion of the line. Contrast that with your \$51,000,000, which was estimated by the right hon. gentleman and by the Minister of Finance and put forward in circular form to the shareholders and stockholders and upon which circular information shareholders and stockholders voted them the power to carry out the expenditure. Is that brilliant management? Is it honest management? I am talking about honesty in this way, that before a trustee or director will commit his stockholders to a large expenditure he should regard it as his bounden duty to know the ground upon which he stands. Did these gentlemen know the ground upon which they stood, did they take any pains to find out the ground upon which they stood? Because they did not they mislead their shareholders and stockholders and I say it was not honest treatment in the true sense of the word which demands that before you draw your shareholders into an investment you must exhaust all proper measures for getting information upon which your plan is presented to them. Well, Sir, that is not all the cost. I am not going into the calculation of interest, but it strikes any one that the interest calculated by the Minister of Finance and adhered to by the Prime Minister on their small computation of the cost will be doubled and more than doubled on this actual fulfilment of the cost; so that you have to add probably three times as much for interest as you would have had to on the lesser computation of cost. Then you have the Quebec bridge, which has to be considered now as part of the line, and at least \$14,000,000 will be necessary for that, which makes the cost of that connection from Winnipeg to Moncton \$128,800,000. To this add several millions for terminals at Quebec and Winnipeg. I ask the business men of this country

whether they consider that this is brilliant, businesslike administration? It would be sufficient in a company to have these directors succeeded quickly by others and I am not sure that it would not go even much farther than that. One thing I noticed when I was in the West, and it is this: There is a whole area of country up there that they call the two-track country. What does it mean? The Prime Minister, when he advised his directors and shareholders to go into that project told them that this was to open up new territory, to use his own words at Winnipeg, it was to plunge into new territory what it really means is that from Winnipeg to Edmonton and, maybe some distance beyond, lines of railway cross and intercross for hundreds of miles and you never are practically out of sight of the Canadian Northern or the Canadian Pacific railway and in many cases you can drop a pea from your car window on to the track of the Canadian Pacific railway. There is an extensive country into which the farmers are rushing to use their brawn and their muscle to till the soil, and there are two railroads with elevators here and elevators across the street, a double set of railroads and a double set of elevators, and no competition notwithstanding that. What an outrageous thing it is that when that section of the country was absolutely provided for by lines of railway already running, or existing under charter and being built, that Canada should have spent millions upon millions of dollars in paralleling lines of transport which were already quite sufficient for the country through which they passed, to the neglect of other equally fertile country which is without a mile of railway. And to the latest day of Canadian history, as in a less degree no man will pass by the Newmarket canal without curling the lip of scorn, so Sir, there is one monument which is certain for all time to my right hon. friend—it is the fact, that when he had large power, and large confidence, and the people's money in his hand, in that great northwest which longs for new avenues of transportation in territory not served by railways, he had seen fit to parallel for 800 miles or more existing lines of railway. Is that business management? And, in view of all these things which I have mentioned and which are but one hundredth part of what one might mention, I put it to the House, and I put it to the people of the country, whether it is not time for a change?